



December 5, 2002

Pandor Hadjy
Assistant Deputy Administrator
Business Programs, RBS,
Room 5050 South Agriculture Building, Stop 3220
1400 Independence Avenue, SW
Washington, D.C. 20250-3220

Re: Implementation of Section 9006 of Farm Security and Rural Investment Act of 2002

To the Rural Business and Cooperative Service:

The Institute for Agriculture and Trade Policy (IATP), a Minnesota-based non-governmental organization, fosters economically, socially, and environmentally sustainable communities and regions. Renewable energy production is a key component of sustainable economic development. We have particular expertise promoting wind energy through our Windustry program, which provides technical support and builds collaborations with rural landowners, local communities, utilities and state and local government.

We are pleased with the introduction of an energy title in the Farm Security and Rural Investment Act of 2002. We commend USDA for its efforts to involve and receive input from interested parties on Section 9006. Please consider the comments below as USDA proceeds with implementation.

1. With the enormous growth in wind energy production, several biomass projects and the emergence of several methane digesters, the Upper Midwest is particularly well positioned to leverage these funding opportunities. The infrastructure, knowledge and partnerships that foster successful projects have already been developed in the Upper Midwest. USDA is encouraged to take this geographic comparative advantage into account.

For example, IATP is currently working on a collaborative project in the Blue Earth River Basin in south-central Minnesota where farmers are working in collaboration with state and federal agencies, university researchers and non-governmental organizations to promote greater crop diversity in the basin. Farmers in the basin are very interested in growing switch grass and other perennial crops that can be used for biomass energy. These partnerships that have already been developed should be the first choice for Section 9006 funding.

2. Energy crops offer the clear potential of becoming a significant new market for farmers across America. Biomass crops can be produced in a variety of different methods, from sustainable to input intensive. We recommend that USDA gives preference to biomass projects where the crops are grown using sound environmental practices.

3. Farmers, ranchers, and rural small businesses may apply for grants for assessments of wind resources (including meteorological equipment leasing, equipment installation, and data analysis services) in rural areas, with a maximum grant of 25% of the total assessment cost. Grants of this type should be considered a priority item.
4. Many renewable energy technologies have proven to be economically and environmentally beneficial. Section 9006 funding should focus on these technologies that have the best chance for success rather than emerging technology.
5. For distributed generation small-scale renewable energy projects, these funds can provide the most benefit by targeting the development of small-scale projects. Grants should be directed to projects of less than \$100,000 in total cost, with the grants not exceeding \$25,000.
6. Utility-scale wind energy is ready for farmer participation on a local basis. Utility-scale wind technology is now one of the most cost-effective renewable energy technologies. We recommend that USDA provide technical support for developing business models for local ownership.
7. Farmer education is a critical component of the energy title. In addition to grants that directly support renewable energy projects, USDA should also consider proposals that provide outreach and education, market development and Internet resources for on-farm energy system development. The projects could range in size from 70 kW to 7 MW.
8. Farmers and rural communities will be best served by Section 9006 funds distributed in the form of grants rather than loans. Many farmers are already faced with high debt loads and the thought of taking on new debt, no matter how attractive the terms, is not appealing.
9. Many more farmers, ranchers and rural small businesses will be interested in obtaining funding than what will be available through Section 9006. USDA should make efforts to leverage Section 9006 funding with other public and private funds available from other sources. These partnerships are key to the successful incorporation of renewable energy into the rural countryside.

The Institute for Agriculture and Trade Policy commends USDA's efforts and appreciates the opportunity to comment on the implementation of Section 9006. We look forward to working with USDA to support the incorporation of renewable energy systems in the U.S.

Sincerely,

Mark Ritchie,

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